

AMENDED IN ASSEMBLY APRIL 12, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 895

Introduced by Assembly Member Aghazarian

February 22, 2007

An act to add Section 1374.19 to the Health and Safety Code, and to add Section 10120.2 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 895, as amended, Aghazarian. Health care coverage: dental care.

Existing law, the Knox-Keene Health Care Service Plan Act of ~~1974~~ 1975, the willful violation of which is a crime, provides for the licensing and regulation of specialized health care service plans, including plans covering dental services. Existing law provides for the licensing and regulation of dental insurers by the Department of Insurance. Existing law imposes specified coverage and disclosure requirements ~~upon~~ on specialized health care service plans and insurers. Existing law provides for but does not require a coordination of benefits in instances where coverage for a claim is available from more than ~~one carrier~~ one insurer or plan, as specified.

This bill would require a specialized health care service plan covering dental services or a dental insurer to declare its coordination of benefits policy, as defined, in its evidence of coverage documents or in its contracts or policies. The bill would require a ~~specialized dental plan~~ or dental insurer that is an enrollee's or insured's primary dental ~~coverage provider plan or insurer~~ and that is coordinating dental benefits with one or more other ~~health care service dental plans or carriers~~ insurers to pay the maximum amount required by its contract or policy

with the enrollee or insured or the subscriber or policyholder. The bill would require a specialized dental plan or dental insurer that is the secondary dental coverage provider *plan or insurer* to pay the residual amount ~~on~~ of the enrollee's or insured's bill ~~after payment has been made not paid~~ by the primary dental coverage provider *plan or insurer*, not to exceed the allowance or benefit required by the contract or policy. The bill would provide that the total combined benefit paid by both the primary and secondary dental coverage providers shall not exceed 100% of the enrollee's or insured's total bill for dental services *certain amounts, as specified*.

Because a willful violation of the bill's requirements with regard to health care service plans would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 *SECTION 1. It is the intent of the Legislature to prohibit a*
2 *specialized health care service plan covering dental services or a*
3 *dental insurer from adopting, when acting as a secondary plan or*
4 *insurer, "coordination of benefits" clauses, "nonduplication of*
5 *benefits" clauses, "carve-out" clauses, "maintenance of benefits"*
6 *clauses, or other clauses that result in the plan or insurer*
7 *reimbursing less than it would as a primary plan or insurer, if the*
8 *combined benefit from the primary and secondary plans or insurers*
9 *would not exceed 100 percent of the enrollee's or insured's total*
10 *bill for dental services.*

11 ~~SECTION 1.~~

12 *SEC. 2.* Section 1374.19 is added to the Health and Safety
13 Code, to read:

14 1374.19. (a) For purposes of this section, the following terms
15 have the following meanings:

16 (1) "Coordination of benefits" means the method by which a
17 specialized health care service plan covering dental services and

~~another health care coverage provider~~ *one or more other dental plans* pay their respective reimbursements for dental benefits when an enrollee is covered by multiple dental coverage providers ~~plans~~.

(2) ~~“Primary dental coverage provider” plan~~ means the health care service plan or health insurer that provides an enrollee with primary dental coverage.

(3) ~~“Secondary dental coverage provider” plan~~ means the health care service plan or health insurer that provides an enrollee with secondary dental coverage.

(b) A specialized health care service plan covering dental services shall declare its coordination of benefits policy in its evidence of coverage or contract with an enrollee or subscriber.

(c) When a specialized health care service plan is an enrollee’s primary dental coverage provider ~~plan~~ and is coordinating its benefits with one or more secondary dental coverage providers ~~plans~~, it shall pay the maximum amount required by its contract with the enrollee or subscriber.

(d) When a specialized health care service plan is a secondary dental coverage provider ~~plan~~ and is coordinating its benefits with a primary dental coverage provider, it shall pay the residual amount, not to exceed the plan’s contractual allowance or benefit in the enrollee’s or subscriber’s contract, of the enrollee’s bill after payment has been made by the primary dental coverage provider.

~~(e) The total combined benefit paid for dental services by both the primary and secondary dental coverage providers shall not exceed 100 percent of the enrollee’s total bill for dental services.~~ *primary dental plan, it shall pay the amount of the enrollee’s bill for dental services not paid by the primary plan. The amount paid by a secondary dental plan pursuant to this subdivision shall not exceed either of the following:*

(1) The maximum benefit offered by that plan when it is a primary dental plan.

(2) One hundred percent of the enrollee’s total bill for dental services.

~~SEC. 2.~~

SEC. 3. Section 10120.2 is added to the Insurance Code, to read:

10120.2. (a) For purposes of this section, the following terms have the following meanings:

(1) “Coordination of benefits” means the method by which ~~a dental insurer and another health care coverage provider~~ *two or more dental insurers* pay their respective reimbursements for dental benefits when an insured is covered by multiple dental ~~coverage providers~~ *insurers*.

(2) “Primary dental ~~coverage provider~~” *insurer*” means the health insurer or health care service plan that provides an insured with primary dental coverage.

(3) “Secondary dental ~~coverage provider~~” *insurer*” means the health insurer or health care service plan that provides an insured with secondary dental coverage.

(b) A dental insurer shall declare its coordination of benefits policy in its evidence of coverage or insurance policy with an insured or policyholder.

(c) When a dental insurer is an insured’s primary dental ~~coverage provider~~ *insurer* and is coordinating its benefits with one or more secondary dental ~~coverage providers~~ *insurers*, it shall pay the maximum amount required by its policy with the insured or policyholder.

(d) When a dental insurer is a secondary dental ~~coverage provider~~ *insurer* and is coordinating its benefits with a primary dental ~~coverage provider~~, it shall pay the residual amount, not to exceed the insurer’s policy allowance or benefit in the insured’s or policyholder’s policy, of the insured’s bill after payment has been made by the primary dental coverage provider.

(e) ~~The total combined benefit paid for dental services by both the primary and secondary dental coverage providers shall not exceed 100 percent of the insured’s total bill for dental services.~~ *insurer, it shall pay the amount of the insured’s bill for dental services not paid by the primary insurer. The amount paid by a secondary dental insurer pursuant to this subdivision shall not exceed either of the following:*

(1) The maximum benefit offered by that insurer when it is a primary dental insurer.

(2) One hundred percent of the insured’s total bill for dental services.

~~SEC. 3.~~

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school

1 district will be incurred because this act creates a new crime or
2 infraction, eliminates a crime or infraction, or changes the penalty
3 for a crime or infraction, within the meaning of Section 17556 of
4 the Government Code, or changes the definition of a crime within
5 the meaning of Section 6 of Article XIII B of the California
6 Constitution.

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